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No. CFO 01-1270

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DCI EXEC REGISTRY

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SUBJECT: (U//FOUO) Appeals Letters for FY 2002 HPSCI Marks

Distribution:
Orig - Chairman Goss, HPSCI w/encls
Orig - Ms. Pelosi, HPSCI w/encls

1 - NSC w/encls (b)(3)
1 - Ms. Suzanne White, OMB w/encls

1 - DAC w/encls
1 - EXDIR-Chrono w/encls
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1 - C/PA/Budget w/encls
1 - CFO/Legal w/encls
1 - D/OCA/EA w/encls
1 - OCA/LG w/encls
1 - RMO/CMS w/encls (b)(3)
1 - Senior MSO Referent w/encls
1 - MSO Referent w/encls
1 - DS&T Referent w/encls
1 - Senior DO Referent w/encls
1 - DO Referent w/encls
1 - DI/DCI Referent w/encls
1 - OCA ISC w/encls
1 - CFO ISC w/encls
1 - CFO Chrono w/encls

DCI/CFO/BUDGET/ (15 Oct 01) (b)(3)
(CFO 01-1270) (b)(3)

Enclosures:
1. (b)(1)
2. (b)(3)
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Central Intelligence Agency

Washington, D.C. 20505

1 November 2001

The Honorable Porter J. Goss
Chairman
Permanent Select Committee
on Intelligence
House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

(U//FOUO) I want to thank you and the House Permanent Select Committee on Intelligence for your staunch support to the Agency during this time of national crisis. I read the FY 2002 authorization marks with great interest and appreciate the Committee's perspective on the Central Intelligence Agency's program, particularly as we continue the war on terrorism. Although the tone of many of the remarks in the report was, in my view, unnecessary and counterproductive, I am confident we share the goal of helping to defeat the terrorist threat. I look forward to working with you and the Committee to meet this challenge.

(U//FOUO) As you prepare to conference on the FY 2002 Intelligence Authorization Act, I would like to endorse DCI Tenet's views and provide my own thoughts on proposed Congressional actions affecting this Agency, particularly regarding our ability to eradicate terrorism on a global basis. At this point, I want to highlight CIA's role in executing Covert Action programs at the direction of the President and National Security Council. These programs are in the forefront of the war against terrorism and reducing their funds undermines our ability to support the President at this crucial point. I, therefore, urge you to restore our requested funding levels.

(b)(1)

(b)(1)
(b)(3)

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The Honorable Porter J. Goss

Joint Actions:

- (b)(1) (b)(3)
- (b)(1) (b)(3)

HPSCI Actions:

- (b)(1) (b)(3)
-

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The Honorable Porter J. Goss

- [redacted] (b)(1) (b)(3)

- (S) The proposed [redacted] cut to the Office of the Inspector General (OIG) is particularly perplexing since it would eliminate all of its non-personal services dollars. It would force OIG to eliminate audits and inspections of all Agency field stations; cut planned reviews of Agency covert actions; virtually eliminate OIG's ability to monitor activities of the Directorate of Operations; and render OIG incapable of conducting investigations of employee misconduct that require access to people and documents outside of Headquarters. (b)(3) (b)(1)

- (S) The proposed [redacted] cut to the Office of Congressional Affairs will force us to cut approximately [redacted] staff positions--seriously restricting support we provide to Congress--as both consumer and overseer of intelligence. We also would have to reduce our level of service and responsiveness to the National Security Council, the Office of Management and Budget, and other Executive Branch agencies on legislative requirements and other Congressional matters involving the IC. Thus, at a time when more communication is required, we will have to reduce our capability to do so. (b)(1) (b)(3) (b)(3) (b)(1)

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The Honorable Porter J. Goss

SSCI Actions:

- (C) I want to reinforce the DCI's concerns that the Senate Select Committee on Intelligence's recommended cuts to our Performance-Based Compensation program would eliminate the funds we are requesting to better recognize superior performance and motivate our work force. Moreover, this cut also eliminates funds we need to cover awards and within-grade increases.

- (C) The proposed [redacted] reduction to Agency Management/Leadership would severely undercut a range of responsibilities critical to the day-to-day management and coordination of the Agency's corporate concerns--especially during a time of stepped up activities during the war on terrorism. The proposed cut also will negate our efforts in the *FY 2002 Congressional Budget Justification* to address chronic shortfalls in salaries and benefits associated with these positions that drive the need for reprogramming of funds during the fiscal year. (b)(1) (b)(3)

- (S) Just as we are embarking on an aggressive campaign to recall experienced personnel, the proposed [redacted] cut to independent contractors would complicate our ability to fully participate in the war on terrorism. Independent contractors, many with previous Agency experience, are critical to our ability to sustain activities on other priority issues as we focus resources on the terrorist threat. (b)(1) (b)(3)

- [redacted] (b)(1) (b)(3)

Conclusion:

(S) I would like to reiterate my appreciation for the support the HPSCI has shown for CIA's response to the 11 September terrorist attack. This response, and our continuing support to the war on terrorism, entail a

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The Honorable Porter J. Goss

dramatic shift in our focus and require a major augmentation of resources that we must sustain in the future. We all know that intelligence will be the first line of defense in this war, and I look forward to working with you to strengthen that line.

(U//FOUO) You will find attached detailed appeals of key individual programs recommended for reduction in the marks. I stand ready to provide any additional information you might need to support your deliberations.

(U) An original of this letter is also being sent to the Ranking Democratic Member of the House Permanent Select Committee on Intelligence.

(U) Please do not hesitate to call me if I may be of further assistance.

Sincerely,

(b)(3)
(b)(6)

A. B. Krongard
Executive Director

Enclosures

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Central Intelligence Agency

Washington, D.C. 20505

1 November 2001

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Ranking Democratic Member
Permanent Select Committee
on Intelligence
House of Representatives
Washington, D.C. 20515

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[redacted] (b)(1)

[redacted] (b)(1) (b)(3)

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The Honorable Nancy Pelosi

Joint Actions:

- (b)(1) (b)(3)
- (b)(1) (b)(3)

HPSCI Actions:

- (b)(1) (b)(3)
-

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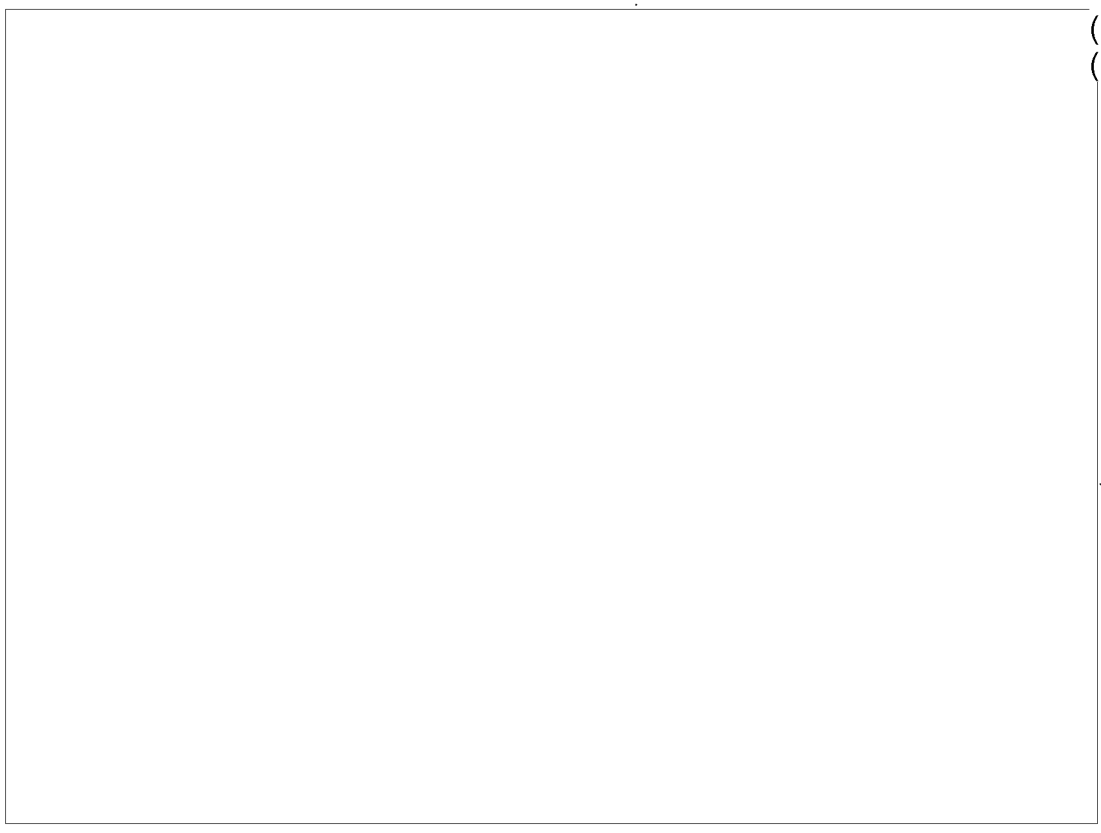
The Honorable Nancy Pelosi



(b)(1)
(b)(3)

- (S) The proposed cut to the Office of the Inspector General (OIG) is particularly perplexing since it would eliminate all of its non-personal services dollars. It would force OIG to eliminate audits and inspections of all Agency field stations; cut planned reviews of Agency covert actions; virtually eliminate OIG's ability to monitor activities of the Directorate of Operations; and render OIG incapable of conducting investigations of employee misconduct that require access to people and documents outside of Headquarters. (b)(1) (b)(3)

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The Honorable Nancy Pelosi

SSCI Actions:

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The Honorable Nancy Pelosi

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(U) Please do not hesitate to call me if I may be of further assistance.

Sincerely,

(b)(6)
(b)(3)

[redacted]

A. B. Krongard
Executive Director

Enclosures

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HPSCI APPEALS

1. Agency Management, Agency Leadership Project, DCI Senior Staff, Executive Secretariat
2. Office of the Inspector General
3. Office of Congressional Affairs
4. Independent Contractors
5. Performance Based Compensation
6. Office of Transnational Issues, (b)(3) (b)(1)
7. (b)(1) (b)(3)
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12. Authorization of FY 2000 Appropriated Funds
13. (b)(1) (b)(3)

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CENTRAL INTELLIGENCE AGENCY PROGRAM

FY 2002 Authorization Actions
(Dollars in Millions)

AGENCY MANAGEMENT, AGENCY LEADERSHIP PROJECT, DCI SENIOR STAFF, EXECUTIVE SECRETARIAT

	PRESIDENT'S REQUEST	HPSCI CHANGE	SSCI CHANGE	APPEAL
FUNDS				
POSITIONS				

(b)(3)
(b)(1)

JUSTIFICATION AND IMPACT

(S) The proposed reduction would severely undercut a range of responsibilities now carried out by a host of offices that fall under the "umbrella" of the DCI area. The requested funds and positions support corporate financial personnel in the Office of the Chief Financial Officer, as well as officers in the Office of Military Affairs who coordinate CIA support to all categories of US military targeting and related activities. The funds also support senior leadership, advisory, and administrative personnel in the Offices of the Executive Director and the Director of Central Intelligence; the staff affiliated with both offices is critical to the day-to-day management and coordination of the Agency's corporate concerns. (b)(3) (b)(1)

(S) The proposed cut would negate the Agency's attempt in the *FY 2002 Congressional Budget Justification* to address chronic shortfalls in salaries and benefits associated with these positions that drive the need for the reprogramming of funds during the fiscal year. The reduction could force the elimination of nearly staff personnel working critical infrastructure and legal compliance issues. Alternatively, the cut could force deep cuts in already limited NPS funds that cover travel by the DCI and DDCI; systems engineering and close support to DCI area components; recapitalization and maintenance of DCI area information technology equipment; and fixed infrastructure costs including rent and telephones. (b)(3) (b)(1)

(b)(1)
(b)(3)

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CENTRAL INTELLIGENCE AGENCY PROGRAM

FY 2002 Authorization Actions
(Dollars in Millions)

OFFICE OF THE INSPECTOR GENERAL

	PRESIDENT'S REQUEST	HPSCI CHANGE	SSCI CHANGE	APPEAL
FUNDS				
POSITIONS				

(b)(3)
(b)(1)

JUSTIFICATION AND IMPACT

(S) The proposed [redacted] cut would eliminate all non-personal services dollars from the Office of the Inspector General (OIG), leaving the office only enough resources to pay most of its people. The proposed reduction would force the elimination of all travel outside of the Headquarters area; all training of auditors, inspectors, and investigators required to meet professional standards; the professional printing of key reports including the Semiannual Report to the DCI and Congress required by statute; and basic supplies, such as paper and toner, required to print audit, inspection, and investigation reports. From a program perspective, the proposed reduction would force OIG to: (b)(3) (b)(1)

- Eliminate audits and inspections of all Agency field stations.
- Cut planned reviews of Agency covert actions.
- Virtually eliminate the ability to monitor activities of the Directorate of Operations.
- Render OIG incapable of conducting investigations of employee misconduct requiring access to people and documents outside of Headquarters.

(S) The cut would force OIG to eliminate all independent contractor support for inspections, and eliminate participation in all Intelligence Community conferences. Because [redacted] of OIG's NPS funds--[redacted] in OIG's request in the FY 2002 CBJ--are programmed for fixed costs of rent and telephones, the proposed reduction would render the office incapable of meeting its Working Capital Fund obligations without staff reductions to obtain funds. (b)(3) (b)(1) (b)(3) (b)(1)

[redacted] (b)(1) (b)(3)

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CENTRAL INTELLIGENCE AGENCY PROGRAM

FY 2002 Authorization Actions
(Dollars in Millions)

OFFICE OF CONGRESSIONAL AFFAIRS

	PRESIDENT'S REQUEST	HPSCI CHANGE	SSCI CHANGE	APPEAL
FUNDS				
POSITIONS				

(b)(3)
(b)(1)

JUSTIFICATION AND IMPACT

(S) The proposed [redacted] cut would seriously restrict the support the CIA provides to Congress and the Executive Branch on Congressional matters. Because more than [redacted] of OCA's budget covers salaries and benefits for employees, reduction would force us to cut approximately [redacted] staff positions. In turn, this would mean reduced service and responsiveness for OCA's customers on a variety of fronts. As the DCI's and CIA's liaison with Congress, OCA is responsible for keeping members fully informed on CIA and Intelligence Community (IC) issues; responding to Congressionally Directed Actions, taskings, and queries; and overseeing and coordinating Congressional requirements and issues of interest within the IC. OCA plays an equally important role as the DCI's liaison with the National Security Council, the Office of Management and Budget, and other Executive Branch agencies on legislative requirements and other Congressional matters involving the IC.

(b)(3)
(b)(1)
(b)(3)
(b)(3)
(b)(1)

[redacted]

(b)(1)
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CENTRAL INTELLIGENCE AGENCY PROGRAM

FY 2002 AUTHORIZATION ACTIONS
(Dollars in Millions)

INDEPENDENT CONTRACTORS

	PRESIDENT'S REQUEST	HPSCI CHANGE	SSCI CHANGE	APPEAL
FUNDS				
POSITIONS				

(b)(1)
(b)(3)

JUSTIFICATION AND IMPACT

(S) The proposed [redacted] cut to the Agency's budget for Independent Contractors (ICs) would have a significant negative impact on support to clandestine operations, analytic studies, training, and translation. During the past several years, the Agency increasingly has relied on Independent Contractors to help support and carry out operations, both in the field and at Headquarters. Many of these individuals are retired Agency officers who bring with them years of valuable experience both in the field and at Headquarters; they know our mission and have a minimal learning curve for responding to critical requirements. (b)(3) (b)(1)

(S) Cutting this valued workforce would severely handicap our efforts to maintain, much less increase, our ops tempo. For instance, Independent Contractors make up the majority of trainers at [redacted] and any cut in that area would slow the pace of training and, ultimately, deployment of core collectors to the field. The September 11 attack increased our need for Independent Contractors to backfill behind staff officers we are deploying against the terrorist target. We believe it would be a mistake to cut such a vital part of our workforce at this critical time. (b)(1) (b)(3)

[redacted] (b)(1) (b)(3)

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CENTRAL INTELLIGENCE AGENCY PROGRAM

FY 2002 Authorization Actions
(Dollars in Millions)

PERFORMANCE-BASED COMPENSATION

	PRESIDENT'S REQUEST	HPSCI CHANGE	SSCI CHANGE	APPEAL
FUNDS				
POSITIONS				

(b)(1)
(b)(3)

JUSTIFICATION AND IMPACT

(b)(1)
(b)(3)

(S) The proposed cut would eliminate more than a Performance-based Compensation initiative. The amount includes needs to be restored, or we will be unable to compensate employees under the guidelines of our current compensation system. We also request the restoration of the remaining to allow us to continue our migration to a compensation system that rewards performance.

(b)(1)
(b)(3)

(b)(3)
(b)(1)

(S) Once the final plan is developed internally, the Committees will be fully briefed. To date, our Human Resources staff has conducted job comparability and compensation market surveys and has benchmarked other pay for performance programs. The next phase of the plan is to evaluate various alternatives in a pay for performance system that best meets Agency needs. Once this analysis is complete, our implementation plan will be briefed to Congress. Without the augmentation to existing personnel services resources, we will be unable to initiate even pilot programs during FY 2002.

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(b)(3)

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(b)(3)

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CENTRAL INTELLIGENCE AGENCY PROGRAM

FY 2002 Authorization Actions
(Dollars in Millions)

OFFICE OF TRANSNATIONAL ISSUES/ [redacted] (b)(1) (b)(3)

	PRESIDENT'S REQUEST	HPSCI CHANGE	SSCI CHANGE	APPEAL
FUNDS	[redacted]			(b)(3)
POSITIONS				

JUSTIFICATION AND IMPACT

[redacted] The proposed [redacted] cut would drastically reduce the [redacted]--and the Intelligence Community's (IC's)--ability to support requests from senior policymakers at the National Security Council and Department of State formulating [redacted] policy and assessing complementary national security-level implications. [redacted] (b)(b)(3) (b)(3) (b)(1) (b)(3) (b)(1) (b)(3) (b)(1) (b)(3)

[redacted] (b)(1) (b)(3)

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CENTRAL INTELLIGENCE AGENCY PROGRAM

FY 2002 AUTHORIZATION ACTIONS
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CENTRAL INTELLIGENCE AGENCY PROGRAM

FY 2002 AUTHORIZATION ACTIONS
(Dollars in Millions)

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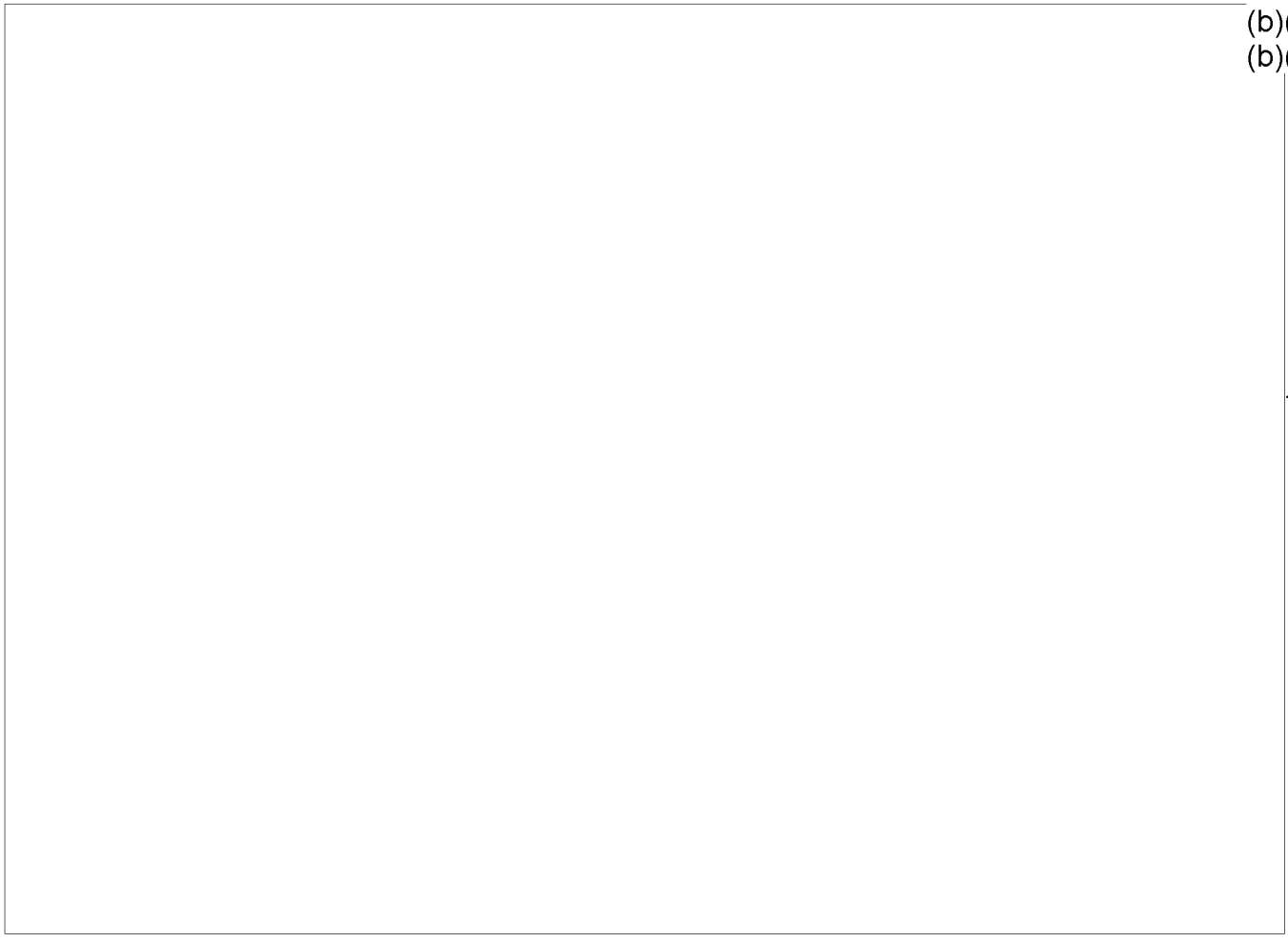

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CENTRAL INTELLIGENCE AGENCY PROGRAM

FY 2002 AUTHORIZATION ACTIONS
(Dollars in Millions)

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[redacted]

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[redacted]

(b)(1)
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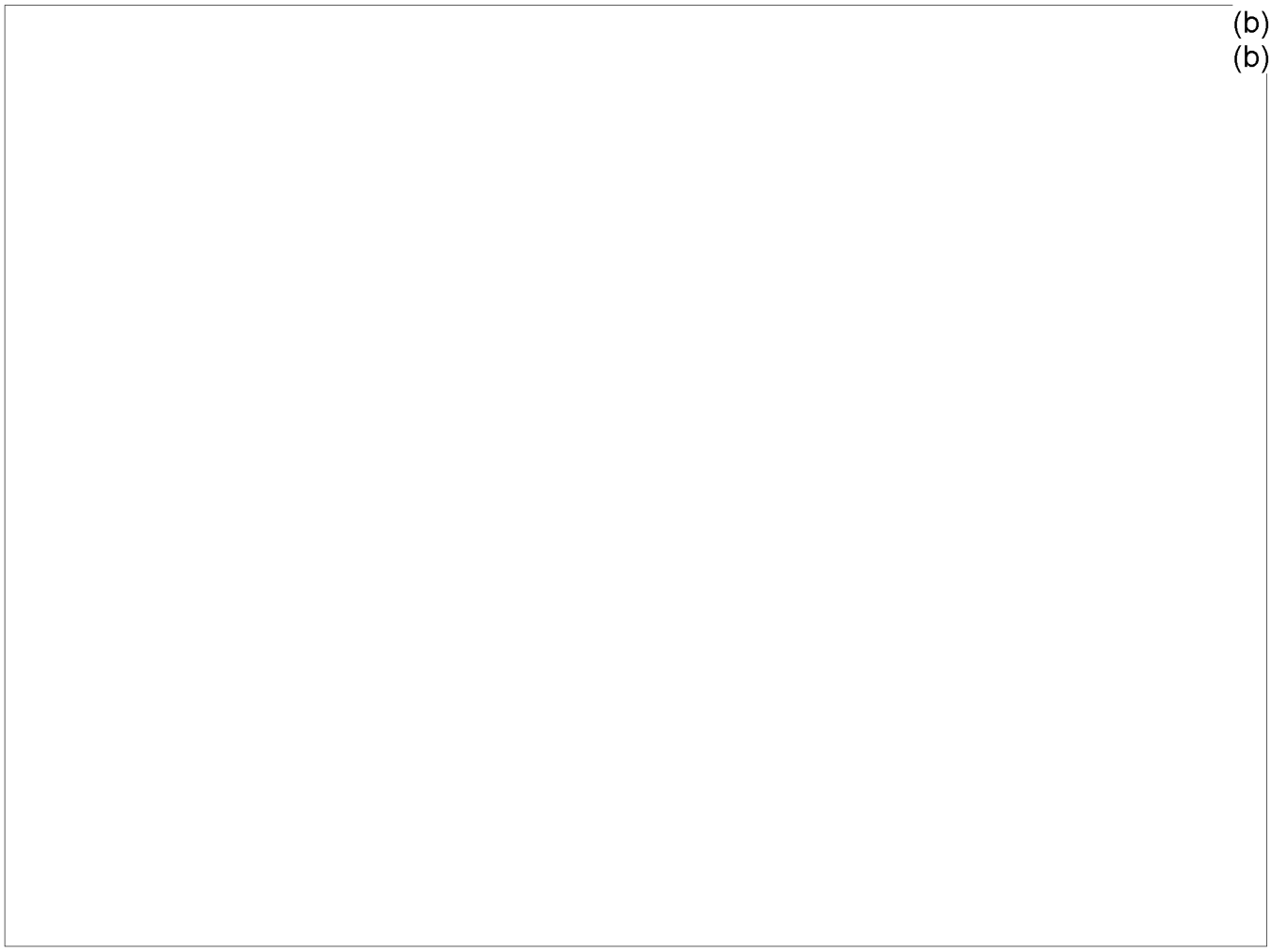

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CENTRAL INTELLIGENCE AGENCY PROGRAM

FY 2002 AUTHORIZATION ACTIONS
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CENTRAL INTELLIGENCE AGENCY PROGRAM

FY 2002 AUTHORIZATION ACTIONS
(Dollars in Millions)

AUTHORIZATION OF FY 2000 APPROPRIATED FUNDS

	(b)(1) (b)(3)

	(b)(1) (b)(3)

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CENTRAL INTELLIGENCE AGENCY PROGRAM

FY 2002 AUTHORIZATION ACTIONS
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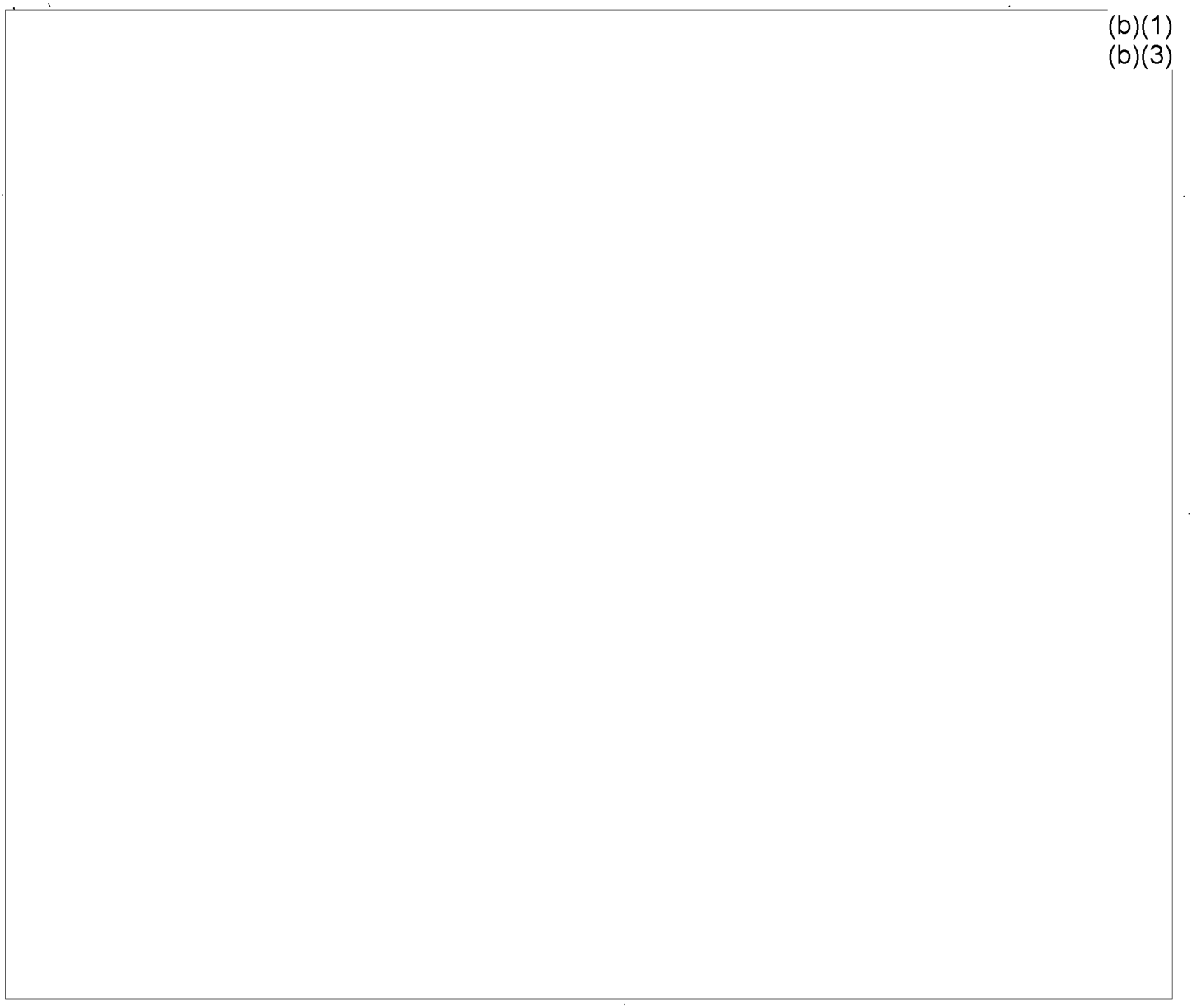

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